

TO: Members of the Iowa Senate and  
Members of the Iowa House of Representatives

FROM: Jeff Robinson and Robin Madison

DATE: July 1, 2015

### Monthly General Fund Receipts through June 30, 2015

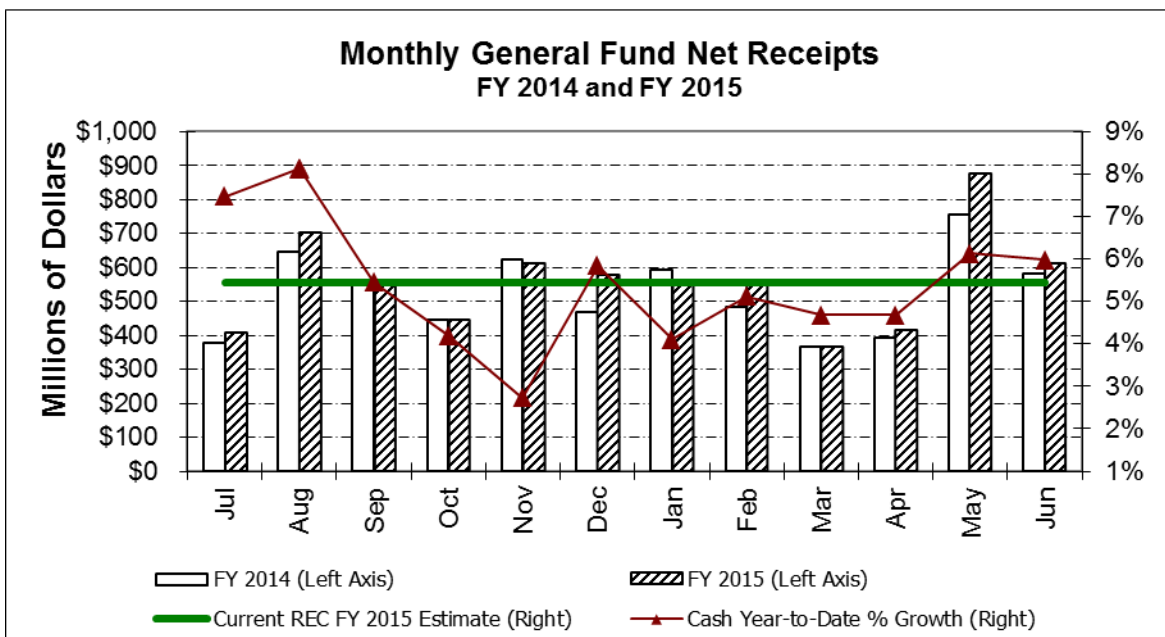
The attached spreadsheet presents FY 2015 General Fund total net receipts with comparable figures for actual FY 2014. The figures can be compared to the FY 2015 estimate of \$6.644 billion set by the Revenue Estimating Conference (REC) on March 19, 2015. The FY 2015 estimate is an increase of \$343.4 million (5.5%) compared to actual FY 2014 total net receipts (excludes transfers). The next REC meeting has not been scheduled.

FY 2015 Monthly Estimate Comparison - Dollars in Millions						
Most Recent REC Projected Growth for the Year, Excluding Transfers = 5.5%						
Year-to- Date Ending:	Year-to- Date FY 2014	Year-to- Date FY 2015	Dollar Change	% Change	Year-to-Date Change at REC Estimate for the Entire Year	Year-to-Date Above (Below) Estimated Change
July	\$378.2	\$406.6	\$28.4	7.5%	\$20.6	\$7.8
Aug	1,026.1	1,109.5	83.4	8.1%	55.9	27.5
Sept	1,579.2	1,665.4	86.2	5.5%	86.1	0.1
Oct	2,024.0	2,108.9	84.9	4.2%	110.3	-25.4
Nov	2,647.9	2,719.9	72.0	2.7%	144.3	-72.3
Dec	3,115.9	3,298.0	182.1	5.8%	169.8	12.3
Jan	3,708.0	3,860.4	152.4	4.1%	202.1	-49.7
Feb	4,191.8	4,406.6	214.8	5.1%	228.5	-13.7
Mar	4,558.9	4,772.4	213.5	4.7%	248.5	-35.0
Apr	4,954.0	5,185.8	231.8	4.7%	270.0	-38.2
May	5,710.0	6,060.4	350.4	6.1%	311.2	39.2
Jun	6,293.5	6,670.2	376.7	6.0%	343.0	33.7
Year end	6,300.1					

### Overview of Current Situation

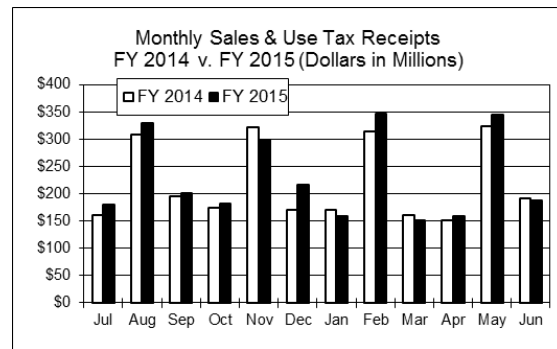
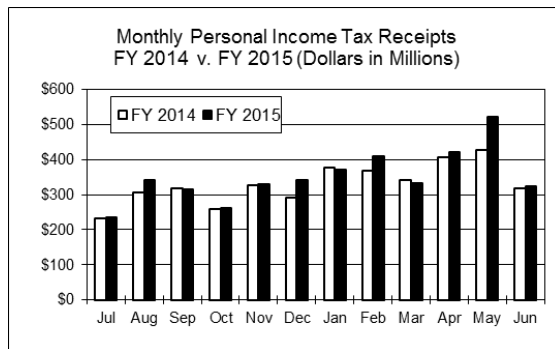
June 2015 net General Fund revenue was \$26.5 million (4.5%) above the June 2014 revenue level. Year-to-date net tax receipts are \$376.7 million (6.0%) more than FY 2014. Major sources of tax revenue and their contribution to the FY 2015 change include:

- Personal income tax (positive \$232.4 million, 5.8%)
- Sales/use tax (positive \$110.8 million, 4.2%)
- Corporate tax (positive \$26.7 million, 4.9%)
- Other taxes (positive \$3.3 million, 1.3%)
- Other receipts (positive \$6.0 million, 2.1%)
- Tax refunds not including school infrastructure refunds (positive \$2.0 million)
- School infrastructure sales/use tax refunds (negative \$4.2 million)



**Personal Income Tax** revenue received in June totaled \$323.5 million, an increase of \$4.4 million (1.4%) compared to June 2014.

The FY 2015 REC income tax estimate of \$4.162 billion represents a projected increase of 4.7% compared to actual FY 2014. Through June, personal income tax receipts increased 5.8%. By subcategory, withholding payments increased \$182.2 million (5.9%), estimate payments increased \$15.1 million (3.1%), and payments with returns increased \$35.2 million (8.2%). The following chart compares FY 2015 monthly income tax receipts from the three personal income tax subcategories with FY 2014.



**Sales/Use Tax** receipts received in June totaled \$186.7 million, a decrease of \$5.3 million (-2.8%) compared to June 2014.

The REC estimate for FY 2015 sales/use tax receipts is \$2.761 billion, an increase of 4.5% compared to actual FY 2014. Through June, sales/use tax receipts increased 4.2%. The preceding chart compares FY 2015 monthly sales/use tax receipts with FY 2014.

**Corporate Tax** receipts received in June totaled \$98.7 million, an increase of \$19.0 million (23.8%) compared to June 2014.

The REC estimate for FY 2015 corporate tax revenue is \$550.2 million, an increase of 0.1% compared to actual FY 2014. Through June, corporate tax receipts increased 4.9%.

**Other tax receipts** received in June totaled \$48.9 million, an increase of \$12.5 million (34.3%) compared to June 2014. The June increase is a timing issue. A semi-annual insurance premium tax estimate payment is due June 1 each year and the resulting tax revenue is deposited in May and June. For FY 2015, a larger portion of the revenue was deposited in June as opposed to May.

The REC estimate for FY 2015 other tax revenue is \$252.7 million, a decrease of 1.4% compared to actual FY 2014. Through June, other tax receipts increased 1.3%.

**Other receipts** (nontax receipts) received in June totaled \$27.6 million, an increase of \$3.7 million (15.5%) compared to June 2014.

The REC estimate for FY 2015 other receipts revenue is \$278.5 million, a decrease of 3.6% compared to actual FY 2014. Year-to-date other receipts increased 2.1%.

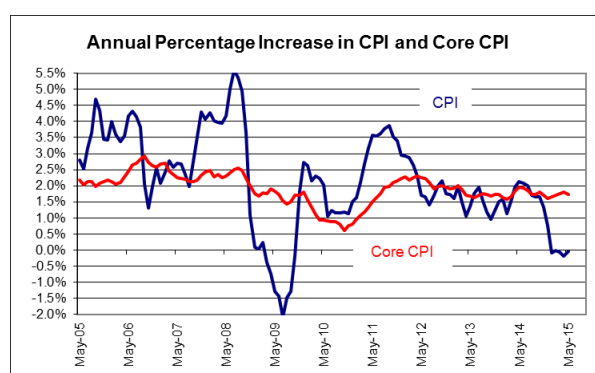
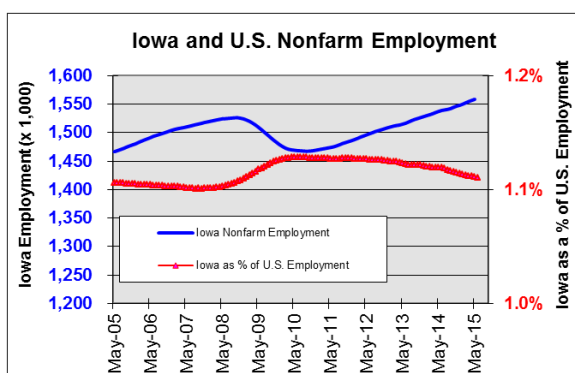
**Tax Refunds** issued in June 2015 totaled \$38.4 million, an increase of \$5.4 million (16.4%) compared to June 2014. In addition, school infrastructure refunds totaled \$37.0 million, an increase of \$2.2 million (6.3%) compared to June 2014.

## Status of the Economy

Iowa nonfarm employment was reported at 1,588,400 for the month of May 2015 (not seasonally adjusted), 23,500 (1.5%) higher than May 2014.

Iowa's 12-month average employment is presented as the blue line on the following graph. Iowa's average nonfarm employment peaked in October 2008 at 1,526,400, and was 47,700 above the peak prior to the previous recession (January 2001). The current 12-month average reading is now 1,558,800, resulting in an annual average Iowa nonfarm employment level 32,400 above the October 2008 peak.

The employment chart also presents Iowa nonfarm employment as a percent of U.S. nonfarm employment. Iowa's share of U.S. nonfarm employment decreased noticeably from 1999 through 2002, decreased at a much slower pace from 2002 through 2007, and increased from January 2008 through June 2010. Iowa's percent of U.S. employment has declined as the percentage growth in U.S. employment has exceeded the percentage growth in Iowa employment since June 2010 and currently is at its lowest level since March 2009.



The Consumer Price Index (CPI-U) through May 2015 was 237.8 (1983/84=100). Consumer prices increased 0.5% in May (not seasonally adjusted) and the annual rate of inflation remained negative at -0.04%.

Core CPI, an inflation measure excluding food and energy expenditures, increased 0.1% in May and totaled 1.7% year-over-year. The annual rate of core inflation has been at or below 2.0% since July 2012. For the two components excluded from the core rate, energy prices are down 16.3% year-over-year, while food prices are up 1.6%.

Information related to State General Fund receipts is available on the Fiscal Services Division website at: <https://www.legis.iowa.gov/receipts/daily.html>.

GENERAL FUND RECEIPTS - FY 2014 vs. FY 2015 July 1 through June 30 (in millions of dollars) Dollars may not add due to rounding. Percentages calculated on rounded numbers.					ESTIMATED GENERAL FUND RECEIPTS (in millions of dollars) FY 14 Actual Compared to FY 15 REC Estimate		
	FY 2014	FY 2015	Year to Date % Change	June % Change	Actual FY 2014	Estimate FY 2015	Projected % Change
Personal Income Tax	\$ 3,974.8	\$ 4,207.2	5.8%	1.4%	\$ 3,974.9	\$ 4,161.8	4.7%
Sales/Use Tax	2,642.3	2,753.1	4.2%	-2.8%	2,642.3	2,760.6	4.5%
Corporate Income Tax	549.6	576.3	4.9%	23.8%	549.6	550.2	0.1%
Inheritance Tax	91.0	87.0	-4.4%	-28.6%	91.0	91.0	0.0%
Insurance Premium Tax	105.5	109.6	3.9%	98.1%	105.6	106.9	1.2%
Cigarette Tax	0.0	0.0	0.0%	0.0%	0.0	0.0	N.A.
Tobacco Tax	1.4	0.0	-100.0%	0.0%	1.4	0.0	-100.0%
Beer Tax	14.1	14.5	2.8%	0.0%	14.1	14.1	0.0%
Franchise Tax	42.9	46.9	9.3%	7.8%	42.9	39.5	-7.9%
Miscellaneous Tax	1.2	1.4	16.7%	0.0%	1.2	1.2	0.0%
Total Gross Taxes	\$ 7,423.0	\$ 7,796.0	5.0%	4.8%	\$ 7,423.0	\$ 7,725.3	4.1%
Institutional Payments	12.8	15.5	21.1%	50.0%	12.8	10.9	-14.8%
Liquor Profits	96.6	108.4	12.2%	43.2%	96.6	98.0	1.4%
Interest	3.4	3.7	8.8%	0.0%	3.4	3.4	0.0%
Fees	28.8	27.8	-3.5%	38.9%	28.8	26.4	-8.3%
Judicial Revenue	104.0	99.9	-3.9%	-5.7%	104.0	100.0	-3.8%
Miscellaneous Receipts	43.4	39.7	-8.5%	0.0%	43.4	39.8	-8.3%
Racing and Gaming Receipts	0.0	0.0	0.0%	0.0%	0.0	0.0	N.A.
TOTAL GROSS RECEIPTS	\$ 7,712.0	\$ 8,090.9	4.9%	5.2%	\$ 7,712.0	\$ 8,003.8	3.8%
Accrued Revenue-Net**					-16.2	27.4	
Tax Refunds *	-963.3	-961.3	-0.2%	16.4%	-955.3	-937.0	-1.9%
School Infrast. Refunds *	-455.2	-459.4	0.9%	6.3%	-440.4	-450.7	2.3%
TOTAL NET RECEIPTS	\$ 6,293.5	\$ 6,670.2	6.0%	4.5%	\$ 6,300.1	\$ 6,643.5	5.5%
* For FY 2014 and FY 2015 Year to Date columns, refunds are presented on a cash basis. For FY 2014 Actual and FY 2015 Estimate, refunds are presented on a fiscal year basis.							